



## REPORT BY THE MUNICIPAL MANAGER JOINED FINANCE & CORPORATE SERVICES COMMITTEE MEETING

### ITEM 2

#### ANNUAL BUDGET AND MTREF 2013/2014

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##### 1. PURPOSE OF THE REPORT

The purpose of the report is to approve the annual Budget for 2013/14 and MTREF for the 2 outer years, 2014/15 – 2015/16 as well as the Budget supporting documentation, in terms of section 16 of the MFMA.

##### 2. BACKGROUND

In terms of Section 16 of the MFMA the council of the municipality must for each financial year approve an annual budget for the municipality before the start of the financial year. In order for a municipality to comply with this, the mayor of the municipality must table the annual budget at least 90 days before the start of the budget year.

The Council of Westonaria Local Municipality, acting in terms of section 16 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
  - 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Annexure A, Table A1;
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Annexure A, Table A3;
    - 1.1.2. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Annexure A, Table A2; and
    - 1.1.3. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Annexure A, Table A5
  - 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.1.4. Budgeted Financial Position as contained in Annexure A, Table 6;
    - 1.1.5. Budgeted Cash Flows as contained in Annexure A, Table 7;
    - 1.1.6. Cash backed reserves and accumulated surplus reconciliation as contained in Annexure A, Table 8;
    - 1.1.7. Asset management as contained in Annexure A, Table 9; and
    - 1.1.8. Basic service delivery measurement as contained in Annexure A, Table 10.
2. The Council of Westonaria Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
  1. the tariffs for property rates – 6%
  2. the tariffs for Electricity Service – 8%
  3. the tariffs for the supply of water – 10%
  4. the tariffs for sanitation services – 6%
  5. the tariffs for solid waste services – 6%
  6. other service charges – 6%



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3. The Council of Westonaria Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexure C.
4. To give proper effect to the municipality's annual budget, the Council of Westonaria Local Municipality approves:
  1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

### **EXECUTIVE SUMMARY**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. A critical review of expenditure was undertaken, basing the 2013/2014 budget on actual expenditure to date, as well as items that were properly planned for and supported by department needs. This has resulted in savings to the municipality of approximately R 20 million on the current financial year's adjusted budget. Key areas where savings were the "general expenditure", including printing, telephone costs, etc.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 was used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- Aging and poorly maintained water, roads and Electricity Service infrastructure;
- The increased cost of bulk water and Electricity Service (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high



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Tariff increases are not sustainable - as there will be point where services will no-longer be affordable;

- Cash-flow position of the municipality at present.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and Electricity Service. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;



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## ANNEXURE A

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2013/14 MTREF**

Description  R thousands	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Original	Adjustment	Budget Year 2013/14	Budget Year 2013/14	Budget Year 2014/15
<b><u>Financial Performance</u></b>					
Property rates	34 147	34147	39 054	41 397	43 881
Service charges	234 859	234 859	263 625	279 442	296 208
Investment revenue	545	545	-		
Transfers recognised - operational	108 261	108 261	106 089	112 454	119 201
Other own revenue	38 618	38 618	50 671	53 711	56 933
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>416 430</b>	<b>416 430</b>	<b>459 440</b>	<b>487 004</b>	<b>516 223</b>
Employee costs	111 775	111 775	132 079	140 003	148 403
Remuneration of councillors	8 859	8 859	7 171	7 601	8 057
Depreciation & asset impairment	7 201	7 201	8 528	9 039	9 581
Finance charges	10 866	10 866	9 301	9 859	10 450
Materials and bulk purchases	183 064	183 064	190 475	201 903	214 017
Transfers and grants	-	-			
Other expenditure	93 192	93 192	91 415	96 899	102 713
<b>Total Expenditure</b>	<b>414 958</b>	<b>414 958</b>	<b>438 969</b>	<b>465 304</b>	<b>493 221</b>
<b>Surplus/(Deficit)</b>	<b>1 472</b>	<b>1 472</b>	<b>20 471</b>	<b>21 699</b>	<b>23 000</b>
Transfers recognised - capital	63 756	63 756	59 482	63 050	66 833
Contributions recognised - capital & contributed assets	-	-			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>65 228</b>	<b>65 228</b>	<b>79 953</b>	<b>84 749</b>	<b>89 833</b>
Share of surplus/ (deficit) of associate	-	-			
<b>Surplus/(Deficit) for the year</b>	<b>65 228</b>	<b>65 228</b>	<b>79 953</b>	<b>84 749</b>	<b>89 833</b>
<b><u>Capital expenditure &amp; funds sources</u></b>					
<b>Capital expenditure</b>	<b>79 220</b>	<b>79 220</b>	<b>79 953</b>	<b>84 749</b>	<b>89 833</b>
Transfers recognised - capital	63 756	63 756	59 482	63 050	66 833
Public contributions & donations	-	-			
Borrowing	14 140	14 140			
Internally generated funds	1 324	1 324	20 471	21 699	23 000
<b>Total sources of capital funds</b>	<b>79 220</b>	<b>79 220</b>	<b>79 953</b>	<b>84 749</b>	<b>89 833</b>

Total operating revenue has grown by 10,5 per cent or R 43 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. The main reason for the growth is due to increased tariffs.

Outer year budgets have been increased by an average of 6% per annum.



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Total operating expenditure for the 2013/14 financial year has been appropriated at R 438,9 million and translates into a budgeted surplus of R 20,4 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 6 per cent in the 2013/14 budget and by 6.9 and 6.3 per cent for each of the respective outer years of the MTREF.

The capital budget of R73,5 million for 2013/14 is 6% less when compared to the 2012/13 Adjustment Budget. The need for reduction of capital projects was based on the cash-flow position of the municipality and will be increased as the disparity between budget and cash-flow stabilizes.

Currently the bulk of capital projects are funded by MIG funds, and the rest will be funded by savings made in the operational budget.

The following table is a summary of the 2013/14MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description  R thousand	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b><u>Revenue By Source</u></b>					
Property rates	34 147	34 147	39 054	41 397	43 881
Property rates - penalties & collection charges					
Service charges - electricity revenue	95 004	95 004	101 353	107 434	113 880
Service charges - water revenue	118 249	118 249	132 251	140 186	148 597
Service charges - sanitation revenue	15 853	15 853	20 822	22 071	23 395
Service charges - refuse revenue	5 627	5 627	9 199	9 751	10 336
Service charges - other					
Rental of facilities and equipment	389	389	318	337	357
Interest earned - external investments	545	545			
Interest earned - outstanding debtors	14 751	14 751	16 790	17 797	18 865
Dividends received					
Fines	4 236	4 236	4 000	4 240	4 494
Licences and permits	15 600	15 600	16 536	17 528	18 579
Agency services					
Transfers recognised - operational	108 261	108 261	106 089	112 454	119 201
Other revenue	2 869	2 869	13 028	13 811	14 638
Gains on disposal of PPE	900	900		-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>416 430</b>	<b>416 430</b>	<b>459 440</b>	<b>487 006</b>	<b>516 226</b>



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**Table 3 Percentage growth in revenue by main revenue source**

Description  R thousand	2012/2013	2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Budget Year 2013/14	%	Budget Year + 2014/15	%	Budget Year + 2015/16	%
<b><u>Revenue By Source</u></b>							
Property rates	34 147	39 054	8.74%	41 397	6.0%	43 881	6.0%
Service charges - electricity revenue	95 004	101 353	9.3%	107 434	6.0%	113 880	6.0%
Service charges - water revenue	118 249	132 251	8.94%	140 186	6.0%	148 597	6.0%
Service charges - sanitation revenue	15 853	20 822	7.61%	22 071	6.0%	23 395	6.0%
Service charges - refuse revenue	5 627	9 199	6.11%	9 751	6.0%	10 336	6.0%
Rental of facilities and equipment	389	318	12.2%	337	6.0%	357	6.0%
Interest earned - external investments	545		%		6.0%		6.0%
Interest earned - outstanding debtors	14 751	16 790	8.7%	17 797	6.0%	18 865	6.0%
Fines	4 238	4 000	10.5%	4 240	6.0%	4 494	6.0%
Licences and permits	15 600	16 536	9.4%	17 528	6.0%	18 579	6.0%
Transfers recognised – operational	108 261	106 089	10.2%	112 454	6.0%	119 201	6.0%
Other revenue	3 789	13 028	2.9%	13 811	6.0%	14 638	6.0%
Gains on disposal of PPE	–						
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>416 430</b>	<b>459 440</b>	<b>9.1%</b>	<b>487 006</b>	<b>6.0%</b>	<b>516 226</b>	<b>6.0%</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totaled R268,9 million or 59 per cent. This increases to R302,6 million, R320,8 million and R340,1 million in the respective financial years of the MTREF.

The bulk of income is generated by water and electricity, rates and taxes, and equitable share. Increases in water and electricity fees will amount to annual increases in income.



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Operating grants and transfers totals R115,4 million in the 2013/14 financial year and steadily increases to R119,3 million by 2014/15. Year-on-year growth for the 2013/14 financial year is 17,3 per cent

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

Description  R thousand	Current Year 2011/12		2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year 2014/15	Budget Year 2015/16
<b>RECEIPTS:</b>					
<u>Operating Transfers and Grants</u>					
National Government:	89 846	92 846	115 421	119 945	124 951
Local Government Equitable Share	87 796	87 796	106 000	112 360	119 101
EPWP Incentive			1 000	–	–
Finance Management Grant	1 250	1 250	1 250	1 250	1 450
Municipal Systems Improvement Grant	800	800	1 000	1 000	1 000
Infrastructure Skills Development Grant	–	3 000	2 600	3 000	3 400
Provincial Government:	–	–	3 571	2 335	–
District Municipality:	–	–	–	–	–
Other grant providers:	–	–	–	–	–
<b>Total Operating Transfers and Grants</b>	<b>89 846</b>	<b>92 846</b>	<b>115 421</b>	<b>119 945</b>	<b>124 951</b>



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**Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description  R thousand	2009/10	2010/11	2010/11	Current Year 2011/12				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Full Year Forecast	Budget Year 2012/13	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year 2014/15	Budget Year 2015/16
<b><u>Capital expenditure - Vote</u></b>										
<b><u>Multi-year expenditure to be appropriated</u></b>										
Vote 1 - Council General	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Managers Office	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure Services	-	-	-	-	-	-	-	-	-	-
Vote 7 - Community Services	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	-	-	-	-	-	-	-	-	-	-
<b><u>Single-year expenditure to be appropriated</u></b>										
Vote 1 - Council General	-	1,201	-	-	-	-	-	-	-	-
Vote 2 - Municipal Managers Office	-	85	125	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	897	1,722	15,296	-	15,296	-	3,455	3,662	3,882
Vote 4 - Financial Services	-	7,050	2,300	200	-	200	-	7,045	7,468	7,916
Vote 5 - Community Services	-	15,234	21,554	6,950	-	6,950	-	14,653	15,532	16,464
Vote 6 - Infrastructure Services	-	57,327	37,494	51,774	-	51,774	-	48,341	51,241	54,316
Vote 7 - Community Services	-	451	-	5,000	-	5,000	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	-	<b>82,244</b>	<b>63,195</b>	<b>79,220</b>	-	<b>79,220</b>	-	<b>73,494</b>	<b>77,904</b>	<b>82,578</b>
<b>Total Capital Expenditure - Vote</b>	-	<b>82,244</b>	<b>63,195</b>	<b>79,220</b>	-	<b>79,220</b>	-	<b>73,494</b>	<b>77,904</b>	<b>82,578</b>
<b><u>Funded by:</u></b>										
National Government Provincial Government District Municipality Other transfers and grants		82,244	63,195	79,220	-	79,220	-	59,482	77,904	82,578
Transfers recognised - capital	-	82,244	63,195	79,220	-	79,220	-	59,382	77,904	82,578
Public contributions & donations				-	-	-	-	-		
Borrowing				14,140	-	14,140	-	-		
Internally generated funds				1,324	-	1,324	-	14,112		
<b>Total Capital Funding</b>	-	<b>82,244</b>	<b>63,195</b>	<b>79,220</b>	-	<b>79,220</b>	-	<b>73,494</b>	<b>77,904</b>	<b>82,578</b>





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**TABLE 6 Budgeted Financial Position**

Description	2011/2012	Current Year 2012/13	2013/2014 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Original Budget	Budget Year 2013/4	Budget Year 2014/5	Budget Year 2015/6
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	1,597	1,677	1,761	1,849	1,960
Call investment deposits	8,859	9,922	11,410	13,122	13,909
Consumer debtors	17,674	31,515	41,284	50,262	53,278
Other debtors					
Current portion of long-term receivables					
Inventory					
<b>Total current assets</b>	<b>28,130</b>	<b>43,114</b>	<b>54,455</b>	<b>65,233</b>	<b>69,147</b>
<b>Non-current assets</b>					
Long-term receivables					
Investments	–				
Investment property					
Property, plant and equipment	1,297,291	1,318,291	1,323,291	1,405,291	1,489,608
Other non-current assets					
<b>Total non current assets</b>	<b>1,297,291</b>	<b>1,318,291</b>	<b>1,323,291</b>	<b>1,405,291</b>	<b>1,489,608</b>
<b>TOTAL ASSETS</b>	<b>1,325,421</b>	<b>1,361,405</b>	<b>1,377,746</b>	<b>1,470,523</b>	<b>1,558,755</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	7,561	7,561	8,211	8,761	9,286
Consumer deposits					
Trade and other payables	22,506	27,972	36,364	45,455	48,182
Provisions					
<b>Total current liabilities</b>	<b>30,067</b>	<b>35,533</b>	<b>44,575</b>	<b>54,216</b>	<b>57,468</b>
<b>Non-current liabilities</b>					
Borrowing	17,928	32,068	42,068	54,068	57,312
Provisions	–				
<b>Total non-current liabilities</b>	<b>17,928</b>	<b>32,068</b>	<b>42,068</b>	<b>54,068</b>	<b>57,312</b>
<b>TOTAL LIABILITIES</b>	<b>47,995</b>	<b>67,601</b>	<b>86,642</b>	<b>108,283</b>	<b>114,780</b>
<b>NET ASSETS</b>	<b>1,277,426</b>	<b>1,293,804</b>	<b>1,291,104</b>	<b>1,362,240</b>	<b>1,443,975</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	(0)	1,293,804	1,291,104	1,362,240	1,443,975
Reserves	–				
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>(0)</b>	<b>1,293,804</b>	<b>1,291,104</b>	<b>1,362,240</b>	<b>1,443,975</b>



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**TABLE 7**

Description	2009/10	2010/11	2011/12	Current Year 2012/2013	2013/2014 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Budget Year 2013/4	Budget Year 2014/5	Budget Year 2015/6
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Ratepayers and other	326,518	218,890	229,410	292,760	353,351	361,279	379,343
Government - operating	–	136,027	92,288	108,261	106,089	124,088	130,292
Government - capital	367	57,440	54,184	63,756	59,482	70,291	73,806
Interest	–	–	–	–			
Dividends							
<b>Payments</b>							
Suppliers and employees	(266,378)	(279,186)	(311,652)	(372,891)	(427,668)	(448,758)	(471,196)
Finance charges	(11,626)	(11,649)	(8,014)	(10,866)	(9,301)	(12,094)	(12,699)
Transfers and Grants	–	–	–	–			
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>48,881</b>	<b>121,522</b>	<b>56,215</b>	<b>81,021</b>	<b>81,953</b>	<b>94,806</b>	<b>99,546</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE	–	–	–	(235)	(251)	(264)	(277)
Decrease (Increase) in non-current debtors	(254)	(433)	(236)	(253)	(271)	(274)	(277)
Decrease (increase) other non-current receivables	(226)	(1,818)	(821)	(1,000)	(1,070)	275	(795)
Decrease (increase) in non-current investments	15,250	–	–	–			
<b>Payments</b>							
Capital assets	(30,850)	(82,244)	(54,184)	(63,756)	(59,482)	(70,291)	(74,508)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(16,080)</b>	<b>(84,495)</b>	<b>(55,241)</b>	<b>(65,244)</b>	<b>(61,074)</b>	<b>(70,554)</b>	<b>(75,857)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Short term loans	–	–	–	–			
Borrowing long term/refinancing	–	24,890	–	14,140	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–			
<b>Payments</b>							
Repayment of borrowing	(13,967)	(4,801)	(4,801)	(6,138)	(6,507)	(6,897)	(7,311)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(13,967)</b>	<b>20,089</b>	<b>(4,801)</b>	<b>8,002</b>	<b>(6,507)</b>	<b>(6,897)</b>	<b>(7,311)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>18,834</b>	<b>57,116</b>	<b>(3,827)</b>	<b>23,779</b>	<b>22,401</b>	<b>29,619</b>	<b>16,378</b>
Cash/cash equivalents at the year begin:	(4,943)	13,891	8,287	8,287	32,066	54,467	84,086
Cash/cash equivalents at the year end:	13,891	71,007	4,460	32,066	54,467	84,086	100,464



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Description	2009/10	2010/11	2011/12	Current Year 2012/2013	2013/2014 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Budget Year 2013/4	Budget Year 2014/5	Budget Year 2015/6
<b><u>Cash and investments available</u></b>							
Cash/cash equivalents at the year end	13,891	71,007	4,460	32,066	54,467	84,086	100,464
Other current investments > 90 days	(13,262)	(62,749)	5,996	(20,467)	(41,395)	(68,215)	(79,215)
Noncurrent assets - Investments	2,117	-	-	-			
<b>Cash and investments available:</b>	<b>2,746</b>	<b>8,258</b>	<b>10,456</b>	<b>11,599</b>	<b>13,072</b>	<b>15,871</b>	<b>21,249</b>
<b><u>Application of cash and investments</u></b>							
Unspent conditional transfers	2,205	12,409	1,786	-			
Unspent borrowing	-	-	-	-			
Statutory requirements							
Other working capital requirements	-	-	-	(2,109)	(6,616)	(4,808)	(4,808)
Other provisions							
Long term investments committed Reserves to be backed by cash/investments	-	-	-	-			
<b>Total Application of cash and investments:</b>	<b>2,205</b>	<b>12,409</b>	<b>1,786</b>	<b>(2,109)</b>	<b>(6,616)</b>	<b>(4,808)</b>	<b>(4,808)</b>
<b>Surplus(shortfall)</b>	<b>541</b>	<b>(4,151)</b>	<b>8,670</b>	<b>13,708</b>	<b>6,456</b>	<b>11,063</b>	<b>16,441</b>



## REPORT BY THE MUNICIPAL MANAGER JOINED FINANCE & CORPORATE SERVICES COMMITTEE MEETING

**Table 9 Asset Management**

Description	2009/10	2010/11	2011/12	Current Year 2012/2013			2013/2014 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/4	Budget Year 2014/5	Budget Year 2015/6
<b>CAPITAL EXPENDITURE</b>									
<u><b>Total New Assets</b></u>	-	-	-	44,138		44,138	73,494	77,903	82,578
Infrastructure - Road transport	-	-	-	18,938		18,938	5,000	5,300	5,618
Infrastructure - Electricity	-	-	-	-					
Infrastructure - Water	-	-	-	-			24,232	25,686	27,227
Infrastructure - Sanitation	-	-	-	5,000		5,000	19,109	20,255	21,470
Infrastructure - Other	-	-	-	1,000		1,000			
Infrastructure	-	-	-	24,938		24,938	48,341	51,241	54,316
Community	-	-	-	19,000		19,000	14,653	15,532	16,464
Other assets	-	-	-	200		200	10,500	11,130	11,798
<u><b>Total Renewal of Existing Assets</b></u>	-	-	-	36,756		36,756	29,317		
Infrastructure - Road transport	-	-	-	12,625		12,625	5,000	5,300	5,618
Infrastructure - Electricity	-	-	-	6,024		6,024			
Infrastructure - Water	-	-	-	6,737		6,737	21,817	23,126	24,514
Infrastructure - Other	-	-	-	-			800	848	899
Infrastructure	-	-	-	25,387		25,386	27,617	29,274	31,030
Community	-	-	-	7,739		7,739	500	530	560
Other assets	-	-	-	3,631		3,631	1,200	1,272	1,348
Intangibles	-	-	-	-					
<u><b>Total Capital Expenditure</b></u>									
Infrastructure - Road transport	-	-	-	31,563		31,563	5,000	5,300	5,618
Infrastructure - Electricity	-	-	-	6,024		6,024			
Infrastructure - Water	-	-	-	6,737		6,737	24,232	25,686	27,227
Infrastructure - Sanitation	-	-	-	5,000		5,000	19,109	20,256	21,471
Infrastructure - Other	-	-	-	1,000		1,000			
Infrastructure	-	-	-	50,324		50,324	48,341	51,241	54,316
Community	-	-	-	26,739		26,739	14,653	15,532	16,464
Other assets	-	-	-	3,831		3,831	10,500	11,130	11,798
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	-	-	-	80,894		80,894	73,494	77,903	82,578



**REPORT BY THE MUNICIPAL MANAGER  
JOINED FINANCE & CORPORATE SERVICES COMMITTEE MEETING**

**TABLE 10**

Description	2009/10	2010/11	2011/2012	Current Year 2012/2013	2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Budget Year +2 2015/16
<b><u>Household service targets</u></b>							
<b><u>Water:</u></b>							
Piped water inside dwelling		11	11	11	11	11	11
Piped water inside yard (but not in dwelling)		3	3	3	3	3	3
Using public tap (at least min-service level)		15	15	15	15	15	15
Other water supply (at least min-service level)							
<i>Minimum Service Level and Above sub-total</i>	–	29,000	29,400	29,400	29,400	29,400	29,400
Using public tap (< min-service level)							
Other water supply (< min-service level)							
No water supply							
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–
<b>Total number of households</b>	–	29,000	29,400	29,400	29,400	29,400	29,400
<b><u>Sanitation/sewerage:</u></b>							
Flush toilet (connected to sewerage)		14	14	14	14	14	14
Flush toilet (with septic tank)							
Chemical toilet							
Pit toilet (ventilated)		15	15	15	16	16	16
Other toilet provisions (> min-service level)							
<i>Minimum Service Level and Above sub-total</i>	–	29,000	29,400	29,400	30,400	30,400	30,400
Bucket toilet							
Other toilet provisions (< min-service level)							
No toilet provisions							
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–
<b>Total number of households</b>	–	29,000	29,400	29,400	30,400	30,400	30,400
<b><u>Energy:</u></b>							
Electricity (at least min-service level)		14	14	14	15	15	15
Electricity - prepaid (min-service level)							
<i>Minimum Service Level and Above sub-total</i>	–	14,000	14,400	14,400	15,000	15,000	15,000
Electricity (< min-service level)							
Electricity - prepaid (< min. service level)		15	15				
Other energy sources							
<i>Below Minimum Service Level sub-total</i>	–	15,000	15,000	–	–	–	–
<b>Total number of households</b>	–	29,000	29,400	14,400	15,000	15,000	15,000



## REPORT BY THE MUNICIPAL MANAGER JOINED FINANCE & CORPORATE SERVICES COMMITTEE MEETING

Removed at least once a week	29	29	29	30	30	30
<i>Minimum Service Level and Above sub-total</i>	–	29,000	29,400	29,000	30,000	30,000
Removed less frequently than once a week						
Using communal refuse dump						
Using own refuse dump						
Other rubbish disposal						
No rubbish disposal						
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–
<b>Total number of households</b>	–	<b>29,000</b>	<b>29,400</b>	<b>29,000</b>	<b>30,000</b>	<b>30,000</b>
<b><u>Households receiving Free Basic Service</u></b>						
Water (6 kilolitres per household per month)	18	18	18	18	18	18
Sanitation (free minimum level service)	18	18	18	18	18	18
Electricity/other energy (50kwh per household per month)	3	3	3	3	3	3
Refuse (removed at least once a week)	18	18	18	18	18	18
<b><u>Cost of Free Basic Services provided (R'000)</u></b>						
Water (6 kilolitres per household per month)	19,052	20,619	23,428	25,748	28,323	31,156
Sanitation (free sanitation service)	14,431	14,297	16,015	16,973	17,991	19,070
Electricity/other energy (50kwh per household per month)	18,206	5,872	6,247	6,728	7,131	7,559
Refuse (removed once a week)	19,412	20,576	21,811	23,120	24,507	24,507
<b>Total cost of FBS provided (minimum social package)</b>	–	<b>71,101</b>	<b>61,364</b>	<b>67,501</b>	<b>72,569</b>	<b>82,929</b>
<b><u>Highest level of free service provided</u></b>						
Property rates (R value threshold)	45,000	45,000	45,000	45,000	45,000	45,000
Water (kilolitres per household per month)		6	6	6	6	6
Sanitation (kilolitres per household per month)						
Sanitation (Rand per household per month)	115	115	74	78	83	88
Electricity (kwh per household per month)	50	50	50	50	50	50
Refuse (average litres per week)	115	115	51	54	57	61
<b><u>Revenue cost of free services provided (R'000)</u></b>						
Property rates (R15 000 threshold rebate)	11,550	12,244	13,757	14,481	15,457	15,457
Water	14,861	15,752	16,699	17,701	18,763	18,763
Sanitation	11,257	11,932	13,407	14,211	15,064	15,064
Electricity/other energy	14,201	5,053	6,914	7,329	7,769	7,769
Refuse	15,141	16,050	18,034	19,116	20,263	20,263
Municipal Housing - rental rebates						
Housing - top structure subsidies						
Other						
<b>Total revenue cost of free services provided (total social package)</b>	0	<b>67,010</b>	<b>61,031</b>	<b>68,811</b>	<b>72,569</b>	<b>82,929</b>



## **REPORT BY THE MUNICIPAL MANAGER JOINED FINANCE & CORPORATE SERVICES COMMITTEE MEETING**

### **RECOMMENDATION by the Municipal Manager**

The Council of Westonaria Local Municipality, acting in terms of section 16 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
  - 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Annexure A, Table A1:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Annexure A, Table A3
    - 1.1.2. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Annexure A, Table A2
    - 1.1.3. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Annexure A, Table A5
2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 1.2.1. Budgeted Financial Position as contained in Annexure A, Table A6
  - 1.2.2. Budgeted Cash Flows as contained in Annexure A, Table 7;
  - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Annexure A, Table 8
  - 1.2.4. Asset management as contained in Annexure A, Table 9; and
  - 1.2.5. Basic service delivery measurement as contained in Annexure A, Table 10
3. The Council of Westonaria Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
4. the tariffs for property rates – as set out in Annexure C,
5. the tariffs for Electricity Service – as set out in Annexure C
6. the tariffs for the supply of water – as set out in Annexure C
7. the tariffs for sanitation services – as set out in Annexure C
8. the tariffs for solid waste services – as set out in Annexure C
9. The Council of Westonaria Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopt with effect from 1 July 2013 the tariffs for other services, as set out in Annexure C.
10. To give proper effect to the municipality's annual budget, the Council of Westonaria Local Municipality approves:



**REPORT BY THE MUNICIPAL MANAGER  
JOINED FINANCE & CORPORATE SERVICES COMMITTEE MEETING**

11. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

12. That Council resolve that the policies for :

- Credit control and debt collection
- Indigent management,
- Virement,
- Asset Management,
- Cash management

be maintained for 2013/14

13. That the draft budget be placed on the Web site.

14. That the following rates and tariff adjustments be approved as from 1 July 2013:

• Property Rates	:	6 %
• Electricity tariffs	:	8 %
• Water tariffs	:	10 %
• Sewer tariffs	:	6 %
• Refuse tariffs	:	6 %
• Other service charges	:	6 %